

Federal Studies

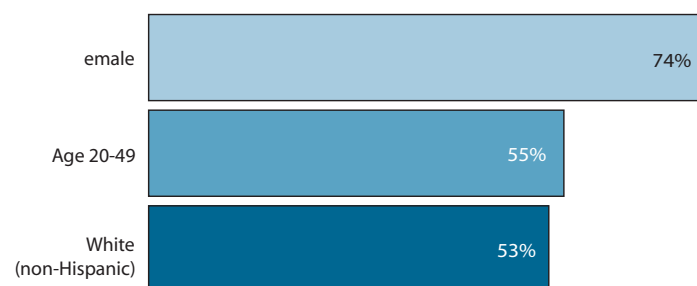
Eligible Nonparticipants in the Food Stamp Program

The caseload of the Food Stamp Program (FSP) declined sharply in the late 1990s, a period characterized by an unusually strong economy and by major changes in public assistance following the welfare reform legislation of 1996. Studies have shown that the food stamp caseload declined not only because circumstances of many households improved enough to make them ineligible for benefits but also because a smaller percentage of the potentially eligible households were participating in the program. To shed more light on this issue, the Economic Research Service of the U.S. Department of Agriculture funded a national study of FSP accessibility at the local level. This study was conducted in 2000-01 and collected information describing the policies and practices in local food stamp offices, the characteristics of participant and nonparticipant households, and why some eligible households do not participate in the FSP.

Most eligible nonparticipant households headed by females

Eligible FSP nonparticipant households in 2000-01 were headed predominantly by females (74 percent), individuals age 20 to 49 (55 percent), or non-Hispanic Whites (53 percent). Thirty-one percent were headed by individuals age 60 or older. One-third of households included children, and 37 percent included elderly members.

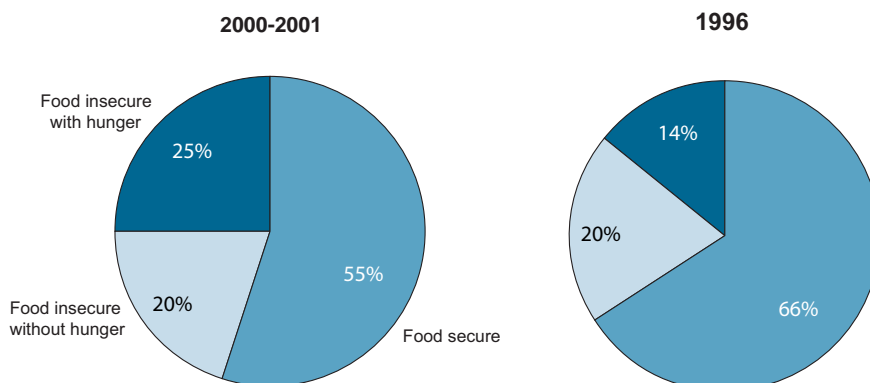
Characteristics of household heads who are eligible nonparticipants in the Food Stamp Program



One-fourth of eligible nonparticipants are food insecure with hunger

Food security measures a household's access to food that provides a nutritionally adequate diet for its members. Forty-five percent of FSP nonparticipant households were food insecure, 25 percent of whom were food insecure with hunger. This is an increase from 1996; 34 percent of FSP nonparticipant households were food insecure, 14 percent of whom were food insecure with hunger.

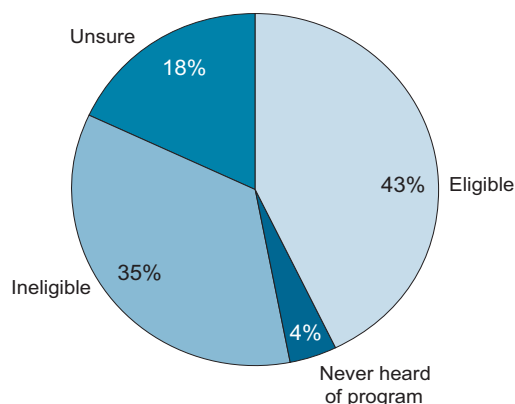
Food security status of eligible nonparticipant households in the Food Stamp Program



Many eligible nonparticipants do not know they are eligible

Less than half of nonparticipants thought they might be eligible for food stamp benefits. One-third did not think they were eligible, 18 percent were unsure whether they would qualify for benefits, and a small percentage had never heard of the FSP. Households that thought they were ineligible for food stamps or who were unsure about their eligibility had somewhat higher incomes and more assets than did those who believed they were eligible for benefits.

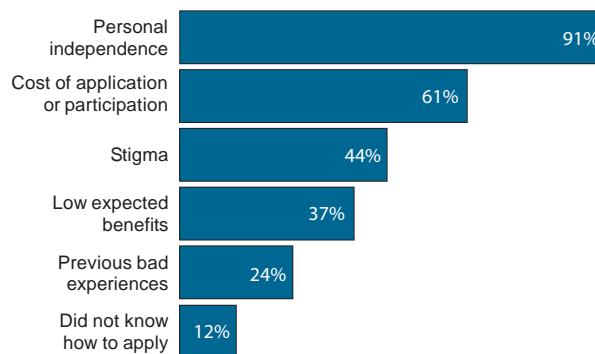
Perceived Food Stamp Program eligibility, by eligible nonparticipant households



Personal independence important to people not wanting to apply

While the majority (69 percent) of eligible nonparticipants reported they would apply for food stamps if they found out they were eligible, 27 percent reported they would not apply and the remainder were unsure. People gave a variety of reasons for not wanting to apply, or being unsure about applying, for food stamp benefits. The most common reasons given were related to a desire for personal independence.

Reasons eligible nonparticipant households do not participate in the Food Stamp Program¹



¹Includes nonparticipant households who would not necessarily apply to the FSP even if they had known they were eligible. Respondents could cite more than one reason.

Source: Bartlett, S., Burstein, N. (Abt Associates Inc.), & Andrews, M. (ERS project representative). (2004). *Food Stamp Program Access Study: Eligible nonparticipants (E-FAN-03-013-2)*. U.S. Department of Agriculture, Economic Research Service.

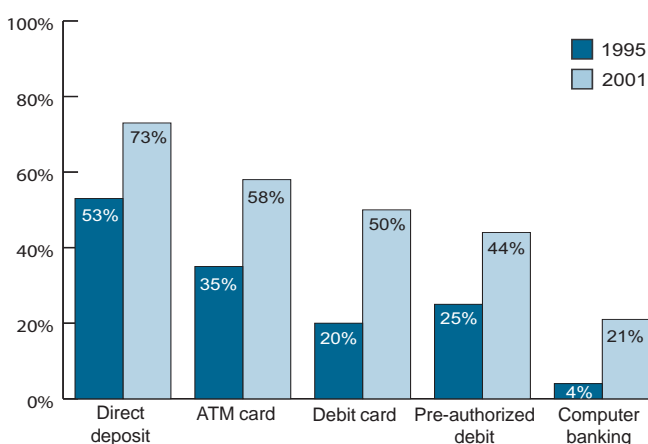
Consumers and Electronic Banking, 1995-2003

The variety of electronic banking technologies available in the marketplace has expanded greatly in recent years. For financial institutions, such technologies as direct deposit, automated teller machines, and debit cards can speed processing and reduce costs. Other products and services, for example, computer banking and stored-value payroll cards (a card on which monetary value is stored), are viewed as ways to retain existing customers and attract unbanked and underbanked customers. This article uses data from two nationwide surveys—the Federal Reserve Board’s Survey of Consumer Finances and the University of Michigan Survey Research Center’s Surveys of Consumers—to examine consumer use of e-banking technologies, particularly as the use relates to consumer demographic characteristics and perceptions and the relationship between these factors and the characteristics of selected e-banking products and services.

Use of electronic banking on the rise

The use of electronic banking between 1995 and 2001 became more widespread among U.S. households. The proportion of households banking by computer grew fivefold between 1995 and 2001, and the proportions using debit cards more than doubled.

Percentage of U.S. households using various electronic banking technologies, 1995 and 2001



Younger people likely to conduct banking business via computer

Households that conducted their banking business via computer in 2001 were more likely than others to be headed by a younger person. More than half of households conducting banking business in this manner were headed by a person age 44 or younger. Less than 10 percent were headed by a person age 65 or older.

Households using computer banking, by age of household head

Age	Percent ¹
<35	28
35-44	30
45-54	26
55-64	11
65-74	4
75+	3

¹Percentages do not add to 100 because of rounding.

Preauthorized debit users likely to be White

Preauthorized debits allow consumers to set up automatic bill payments, usually on a specific date and for a specific amount. In 2001, 80 of 100 households using preauthorized debit were headed by a White person; 10 of 100, by a Black person; 4 of 100, by a Hispanic person; and 3 of 100 were headed by a person of another race or ethnicity.

Households using preauthorized debit, by race/ethnicity of head

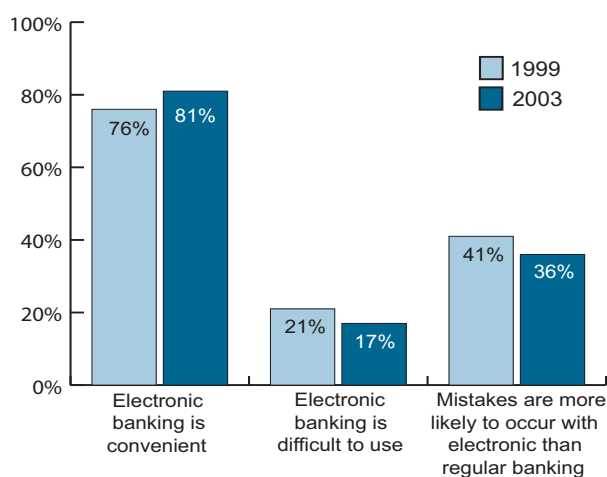
Race/ethnicity	Percent ¹
White	84
Black	10
Hispanic	4
Other	3

¹Percentages do not add to 100 percent because of rounding.

Perceptions of electronic banking becoming more positive

Between 1999 and 2003, consumers' perceptions of electronic banking became more positive in terms of convenience, familiarity and ease of use, and security and privacy. In 2003, 81 percent of people thought electronic banking was convenient (compared with 76 percent in 1999) and 36 percent thought mistakes were more likely to occur with electronic than with regular banking (compared with 41 percent in 1999).

Percentage of people who strongly agree or agree with selected perceptions of electronic banking



Source: Anguelov, C.E., Hilgert, M.A., & J.M. Hogarth. (2004). U.S. consumers and electronic banking, 1995-2003. *Federal Reserve Bulletin* (Winter)1-18.

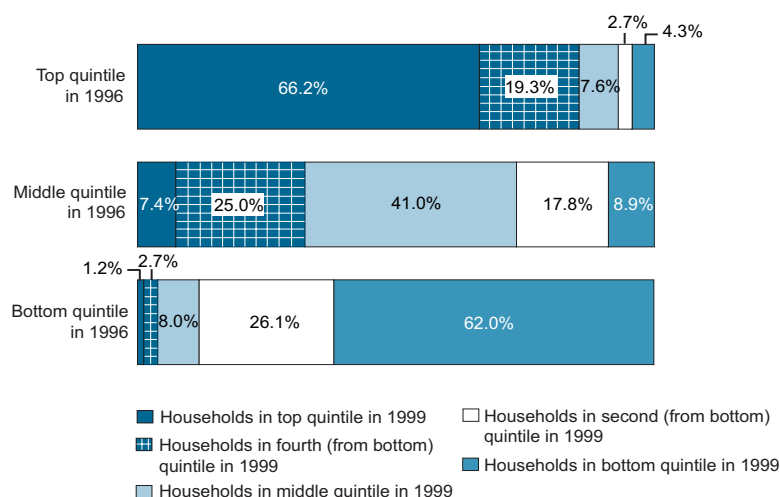
Movements in the U.S. Income Distribution, 1996-99

As measured by the most recent income data available from the Current Population Survey (CPS), between 1996 and 2002, median household income increased 4.7 percent more than did inflation. That statistic compares a “snapshot” of households in 1996 with another “snapshot” in 2002. It is not a picture of what happened to the same households over that period. Medians, like those from the CPS, can conceal an enormous amount of movement in the income of individual households. This report uses the most recent longitudinal data available from the Survey of Income and Program Participation (SIPP) to examine movements in the incomes of the same households within the income distribution during the first part of this period—1996 to 1999. SIPP data represent about 100 million U.S. households during this period. Income quintiles were constructed for each year (a quintile represents a 20-percent group of data from a frequency distribution).

More stability at top and bottom quintiles

Households in the top and bottom quintiles of the income distribution experienced the most stability from 1996 through 1999. Sixty-six percent of households starting in the top quintile and 62 percent of households starting in the bottom quintile in 1996 remained in these respective quintiles in 1999. In comparison, 41 percent of households that started in the middle quintile remained in this quintile in 1999.

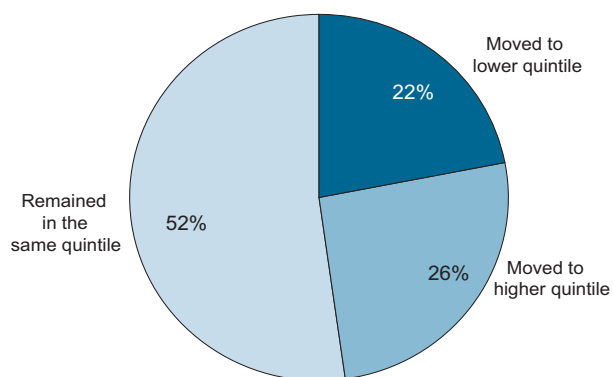
Percent distribution of households by income quintile, 1996 and 1999



More upward than downward movement

Overall, 52 percent of households remained in the same income quintile from 1996 through 1999. More households experienced an upward movement in the income distribution than a downward movement: 26 percent compared with 22 percent.

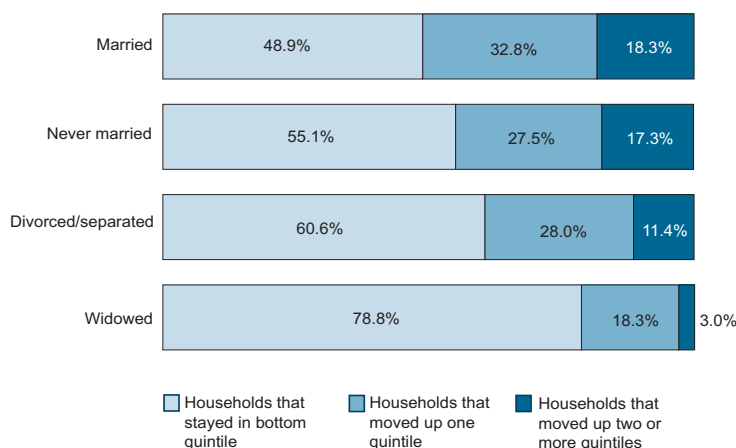
Percent distribution of households by movement in income quintiles, 1996 through 1999



Being a widow/widower affects income

Widowed householders tended to remain in the same income quintile or move down, compared with householders who were not widowed. For example, 79 percent of widows or widowers remained from 1996 through 1999 in the bottom quintile, compared with 61 percent of divorced or separated householders, 55 percent of never-married householders, and 49 percent of married householders.

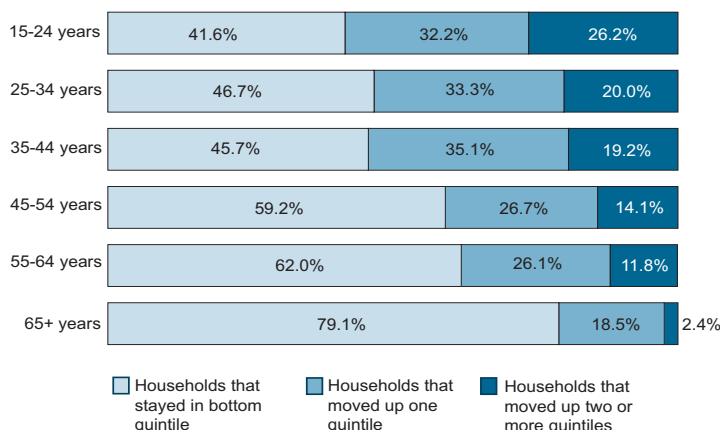
Percent distribution of household movement across income quintiles between 1996 and 1999 for households in bottom quintile in 1996, by marital status of householder



Younger householders experience greater income volatility

Younger, rather than older, householders were more likely to move up from a lower income quintile as well as move down from the top income quintile between 1996 and 1999. For example, over one-half of all householders under age 45 in the bottom income quintile in 1996 experienced increases in income that moved them up one or more quintiles by 1999. By comparison, over one-half of all householders age 45 and over in the bottom income quintile in 1996 remained in this quintile in 1999.

Percent distribution of household movement across income quintiles between 1996 and 1999 for households in bottom quintile in 1996, by age of householder



Source: J.J. Hisnanick & K.G. Walker. 2004. *Dynamics of Economic Well-Being: Movements in the U.S. Income Distribution, 1995-1999*. Current Population Reports, U.S. Census Bureau, P70-95.

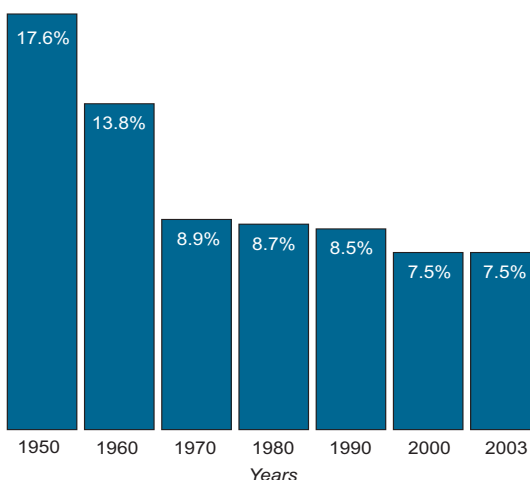
Self-employment in the United States

In 2003, 10.3 million workers were self-employed. The self-employment rate (the proportion of total employment made up of the self-employed) was 7.5 percent, up slightly from the rate in 2002. Reflecting the protracted shift away from agricultural self-employment, most (90.9 percent) of the self-employed in 2003 were in nonagricultural industries; in contrast, this proportion was 56.7 percent in the late 1940s. Using data from the Current Population Survey (CPS), the author of this article discusses the CPS measurement of self-employment, addresses historical trends in self-employment, and provides an overview of the characteristics of the self-employed.

Self-employment has steadily declined since 1950

The proportion of workers who are unincorporated self-employed (the measure that is typically used in government publications) has fallen from 17.6 percent of workers in 1950 to 7.5 percent in 2003. Agricultural employment is a main reason for this decline. A second explanation is the increased likelihood of businesses to incorporate, often for tax purposes; consequentially, workers in these businesses are not officially labeled as “self-employed.”

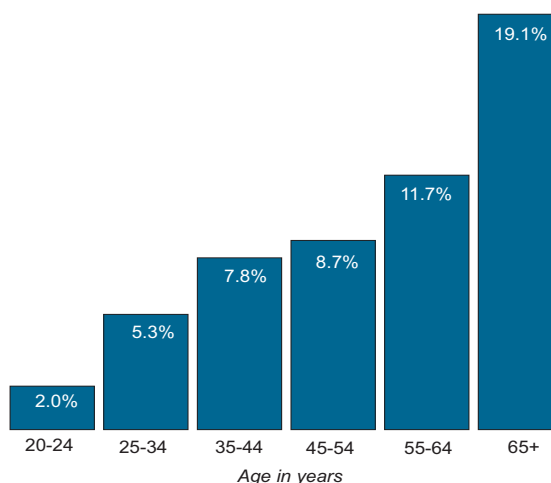
Percent of workers who are self-employed, by year



Older workers more likely to be self-employed

In 2003, the unincorporated self-employment rate for workers age 65 and older was 19.1 percent, compared with 2.0 percent for their counterparts age 20 to 24. Younger workers rarely have acquired the capital and managerial skills needed to start a business; whereas, many older workers may be able to obtain these resources through their own efforts or through access to available credit.

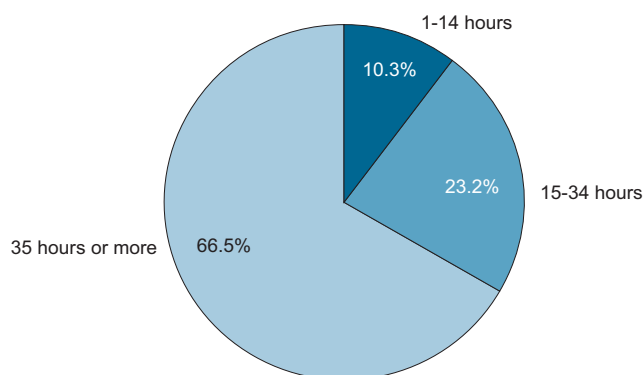
Percent of workers who are self-employed, by age



1 in 3 self-employed are part-time workers

In 2003, 10 percent of the nonagricultural self-employed worked 1 to 14 hours per week, 23 percent worked 15 to 34 hours per week, and 67 percent worked 35 hours or more per week. Self-employed females were more likely to work part-time than were self-employed males.

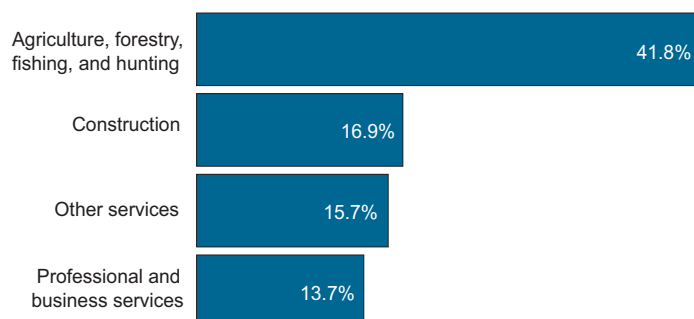
Percent distribution of hours at work per week for nonagricultural self-employed workers



Agricultural workers most likely to be self-employed

Among workers in 2003, the probability of being unincorporated self-employed was highest for workers in agriculture, forestry, fishing, and hunting; construction; other services (e.g., barber shops, personal and household goods repair and maintenance, and nail/beauty salons); and professional and business services.

Percent of workers who are self-employed, by industries with highest self-employment rates



Source: Hipple, S. (2004). *Self-employment in the United States: An update. Monthly Labor Review*, 127(7), 13-23.